

Message Text

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70

ACTION EUR-12

INFO OCT-01 ISO-00 TAR-01 FRB-03 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 2265

C O N F I D E N T I A L BONN 13538

DEPARTMENT PLEASE PASS TREASURY

E.O. 11652: GDS

TAGS: EFIN, GW

SUBJECT: GERMAN CORPORATE TAX REFORM

REF: BONN 3841 OF MARCH 7, 1975

1. WE HAVE CHECKED AGAIN WITH FINANCE MINISTRY STATE SECRETARY OFFERGELD REGARDING STATUS OF GERMAN CORPORATE TAX REFORM. OFFERGELD SAID THAT CONTRARY TO WHAT HE HAD THOUGHT WHEN HE TALKED TO US IN MARCH (SEE REFTEL), THE GERMAN PARLIAMENT DID NOT BEGIN DISCUSSIONS ON THE CORPORATE TAX REFORM IN MAY. COMMITTEE CONSIDERATION IS, HOWEVER, EXPECTED TO START THIS FALL. OFFERGELD INDICATED AGAIN THAT THE FRG HOPES TO NEGOTIATE AS PART OF THE TAX REFORM A CHANGE IN THE US/GERMAN DOUBLE TAXATION AGREEMENT ELIMINATING THE 15 PERCENT DIVIDEND WITHHOLDING RATE FOR US DAUGHTER COMPANIES IN GERMANY AND THAT THE GERMAN SIDE WOULD BE IN TOUCH WITH US ONCE THE TAX REFORM HAD PROGRESSED FURTHER THROUGH PARLIAMENT. WE RESPONDED, ON A PERSONAL BASIS, ALONG THE LINES OF THE ANALYSIS PUT FORTH IN REFTEL AND AGREED TO INFORMALLY COMPARE OUR CALCULATIONS OF THE TAX

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REFORM'S IMPACT ON US DAUGHTER COMPANIES (IF WASHINGTON'S

CALCULATIONS DIFFER FROM OURS SET FORTH IN REFTTEL, PLEASE
ADVISE US AS SOON AS POSSIBLE).

2. UNLIKE LAST SPRING, OFFERGELD WAS UNWILLING TO MAKE
ANY PREDICTIONS REGARDING THE CORPORATE TAX REFORM BILL'S
PASSAGE THROUGH PARLIAMENT, MENTIONING THE COMPLEXITY OF
THE SUBJECT MATTER AND THE DECREASING TIME LEFT DURING
THIS PERIOD OF LEGISLATURE. WE GAINED THE IMPRESSION
THAT THE FINANCE MINISTRY HAS AT LEAST DOUBTS WHETHER
THE REFORM IN FACT WILL BE ENACTED PRIOR TO THE 1976
FEDERAL ELECTION. CASH

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Message Attributes

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Disposition History: n/a
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